

Access to TVA's Fiber Network for TVA Power Distributor Customers

WHAT

TVA owns a high performance fiber network infrastructure. This fiber infrastructure is not typically marketed to third parties due to the sensitivity and limited resource of TVA's fiber assets. However, TVA does consider fiber arrangements with third parties from time to time in order to serve a particular TVA need. Only upon request of a distributor customer, or TVA itself, will TVA consider a request for distributor use of TVA fiber assets. Such request may be granted provided the fiber requested is available, the integrity of the TVA power system is not jeopardized, and TVA recovers all incremental costs in providing connection to the fiber.

WHO

- All TVA employees who have a role in TVA's fiber network.
 - TVA distributor customers.
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WHY

TVA from time to time receives requests from distributors for use of TVA's fiber assets and TVA should have a uniform approach to such requests. Where feasible, fiber arrangements support TVA's goal to establish long-term relationships with distributors and potentially enhance communication assets for each party.

HOW

A. Agreement Options for Distributors

1. **Swap Agreement** - Under a swap agreement, TVA grants the distributor a right to use TVA fiber assets in exchange for a right to use fiber and/or other asset(s) of the distributor. A swap agreement provides TVA and the distributor with the opportunity to enhance communication assets with minimal out-of-pocket capital dollars.

OR

2. **Market Fee Agreement** - If the distributor does not have fiber and/or other asset(s) to swap with TVA, the distributor will pay a market fee for use of the TVA fiber. Market fee will be based on the current market rate for similar fiber available on the open market.

B. Requirements for All Agreements

- TVA must be reimbursed for all costs associated with the distributor's connection to the TVA fiber.
- The distributor will purchase all equipment necessary to activate and operate the fiber and will maintain the daily operation of the fiber.
- In order to protect the integrity of the TVA power system at all times, TVA must:
 - A. Retain enough fiber for an adequate operating margin for both present and future TVA use. The integrity of the TVA power system must be protected at all times.
 - B. TVA must maintain control of all routine and non-routine maintenance to the optical ground wire cable containing fiber which the distributor is allowed to use.
 - C. Both arrangements would survive a termination of TVA's power contract with a distributor.

ROLES

Customer Resources (CR)

Telecommunications & Energy Management Products & Services (T&EMPS)

- Receive customer inquiries from the Customer Resources (CR) and process the request to all effected organizations.
- Determine the Market Fee based on the current rate for fiber available on the open market.
- Provide the following information to the CFO Controller for review prior to executing the agreement:
 - Financial information, billing terms, and rates.
 - Justification for contract terms which provide for invoicing less frequent than monthly to CFO.
- If the request is approved, draft and negotiate the terms of the agreement and provide supplements/revisions in an expeditious manner. The CR Senior Vice President of Marketing will execute the agreement.
- Administer all contractual obligations of the agreement.
- Resolve billing-related issues by coordinating with the distributor, CR Business Services Cost Management, and CFO.

Customer Service

Serve as the contact representative for both T&EMPS and the distributor customer.

Business Services/Cost Management

- If applicable, enter and maintain all information required in TVA's Billout Subsystem (BOSS) for cost collection and billing.
- Ensure charges to be billed are submitted using proper accounts/classification via TVA general ledger (Integrated Business System (IBS)) feeder systems.
- Provide documentation required to support invoices in accordance with agreement terms to the Chief Financial Officer (CFO) Controller.
- Cost Management may initiate requests for BOSS/IBS journal entries to correct external billing errors.

Chief Operating Officer (COO), Power System Operations (PSO)

Electric System Projects (ESP) /Telecom Engineering

- Provide the design and equipment requirements of TVA's communication system.
- Review all fiber requests and provide approval/denial.

Transmission Operations & Maintenance (TOM)

- Provide operations and maintenance of fiber cable and the maintenance and testing of fiber itself.

- Review all fiber requests to ensure no conflicts are created within the operation of TVA's fiber system, if such distributor fiber requests are approved.

Business Services (If Applicable)

- Enter and maintain all information required in BOSS for PSO cost collection and billing.
- Ensure charges to be billed are submitted using proper accounts/classification via TVA general ledger (IBS) feeder systems.
- Provide documentation required to support invoices in accordance with agreement terms to the CFO Controller.
- Initiate requests for BOSS/IBS journal entries to correct external billing errors.

CFO

Controller

- Review all agreements/supplements/revisions to ensure correct accounting in support of product/service costing, billing rates, and billing terms.
- Review contract setup in BOSS.
- Invoice distributors for amounts due under fiber agreements.

- Work with TVA organizations to resolve billing-related customer inquiries.
- Perform other accounts receivable functions to ensure compliance with CFO Standard Process and Procedure (SPP) 13.7, “External Billing” and CFO SPP 13.15, “Accounts Receivable”.

Treasurer

- Determine risk and exposure levels in conjunction with the creditworthiness of the power distributor.
- Receive customer payments and post receipts in TVA's general ledger (IBS).

Corporate Insurance

- Review insurance requirements for all fiber agreements.

Office of the General Counsel

- Review and approve draft agreements.
- Provide legal counsel.

RESOURCES

- CFO SPP 13.7, “External Billing”
- CFO SPP 13.15, “Accounts Receivable”

BUSINESS PRACTICE 25

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Last Revised 06/06

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